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5-9309 15 AUG 1954

TO : Deputy Director/Intelligence
FROM : Assistant Director, Current Intelligence
SUBJECT : Report of the Investigations Division of
Senate Appropriations Committee on Foreign
Reporting Service, March 1954.

1. The subject report has been studied by this Office and it was concluded that certain aspects of it are of definite importance to the intelligence community, particularly to CIA. Since it appears that continued Agency interest in this problem is warranted, it is believed worthwhile to inform you of certain pertinent findings and recommendations of the report.

2. In general, the report concludes that current requirements for economic reporting by the Foreign Service are overburdening overseas posts and that this has seriously hindered essential political and administrative reporting. Much of the current economic reporting, it is concluded, could be minimized, simplified, and, in some instances, completely eliminated. The report states also that insufficient effort has been expended in screening requests for economic data and in finding less expensive alternative means for collecting such data. The Departments of Commerce and Agriculture are mentioned as being the major requestors and consumers of current economic reporting. For example, figures are given for some areas showing that 80% of the total foreign service reporting appears to be for Commerce alone. It is noted that these two departments contend that their requirements are not being fulfilled, despite the extensive economic reporting program. The report points up the great cost of the economic reporting program, particularly the Comprehensive Economic Reporting Program (CERP), and questions whether or not the extensive statistical reporting is actually of commensurate value to the government. In addition, the report concludes that it would be desirable if economic reporting, rather than being tied down to the current system of required, repetitive reports, could be handled on a basis similar to political reporting in which foreign posts have considerable discretion in determining the need for reporting information.

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3. A summarization of the recommendations of the report is as follows:

a. That future requests for economic reporting be screened in light of the value of the information requested.

b. That the cost of economic reporting be determined and reasonable fees charged requesting agencies.

c. That a survey should be made to determine what actual use has been made of reports to date.

d. That field personnel should be allowed greater selectivity in economic reporting.

e. That reporting priorities be re-examined.

4. In summary, it appears that the subject report has covered one aspect of the foreign service reporting program out of its relationship to other equally important aspects and has not covered adequately the intelligence or "security" needs for foreign economic reporting. It is possible that Congressional or other action based upon this report could have a direct and undesirable impact upon intelligence activities, particularly if changes are made in the financial support to and administration of the foreign reporting program without reference to intelligence needs. In this regard, it is interesting to note that the Administration's Farm Bill, which was recently passed by both houses of Congress, authorizes the setting up of a new system of Agricultural attaches directly under control of the Agriculture Department.

5. It is recommended that all developments connected with this problem be studied by the appropriate elements of CIA in order that intelligence interests can be determined and action taken to provide for them in future foreign reporting programs.

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